Form OGC-1a

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

5. Lease Designation and Serial No.
ML-30952

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

6. If Indian, Allottee or Tribe Name

1a. Type of Work
DRILL [X] DEEPEN [ ] PLUG BACK [ ]

7. Unit Agreement Name
LION MESA UNIT

b. Type of Well
Oil Well [X] Gas Well [ ] Other Single Zone [ ] Multiple Zone [ ]

8. Farm or Lease Name
STATE

2. Name of Operator
MEGADON ENERGY CORPORATION

9. Well No.
STATE #3-36

3. Address of Operator
STE. 440, 57 W. SO. TEMPLE, SALT LAKE CITY, UTAH

10. Field and Pool, or Wildcat
WILDCAT

4. Location of Well (Report location clearly and in accordance with any State requirements.*)
At surface
SE. SW. SECTION 36, T 27S, R 20E, SLM
At proposed prod. zone 2090' fr. W-line and 500' fr. S-line

11. Sec., T., R., M., or Blk. and Survey or Area
SE. SW. SEC. 36-27S-20E. SLM.

14. Distance in miles and direction from nearest town or post office*
Approx. 15 miles SW. of Moab, Utah (61 miles by road)

12. County or Parrish
SAN JUAN

13. State
UTAH

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. line, if any)
500 ft.

16. No. of acres in lease
640

17. No. of acres assigned to this well
160

18. Distance from proposed location* to nearest well, drilling, completed, or applied for, on this lease, ft.
3½ miles

19. Proposed depth
8300 Leadville

20. Rotary or cable tools
Rotary

21. Elevations (Show whether DF, RT, GR, etc.)
5862' Grd; 5875' K.B.

22. Approx. date work will start*

23. PROPOSED CASING AND CEMENTING PROGRAM

Size of Hole	Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
12¼"	9 5/8"	36.00#	1200'	300 sks
8 3/4"	5½"	17. & 23.00#	8300'	1000 sks

It is planned to drill a well at the above location to test the oil production possibilities of the Mississippian - Leadville formation at a depth of approximately 8100'. The well will be drilled with rotary tools using mud and air for circulation. A short piece of conductor pipe (13 3/8") will be set at about 35' and cemented and then a 12¼" surface hole will be drilled to a depth which is below the massive sands and cemented to the surface. An 8 3/4" hole will then be drilled to total depth. A blowout preventer, hydril, and rotating head will be used for control equipment. In the event of production, 5½" casing will be set and thoroughly cemented from the bottom up to above the salt section. A prognosis for the well is attached.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.
Signed H. Don Tingley Title PRESIDENT Date SEPT. 2, 1980

(This space for Federal or State office use)

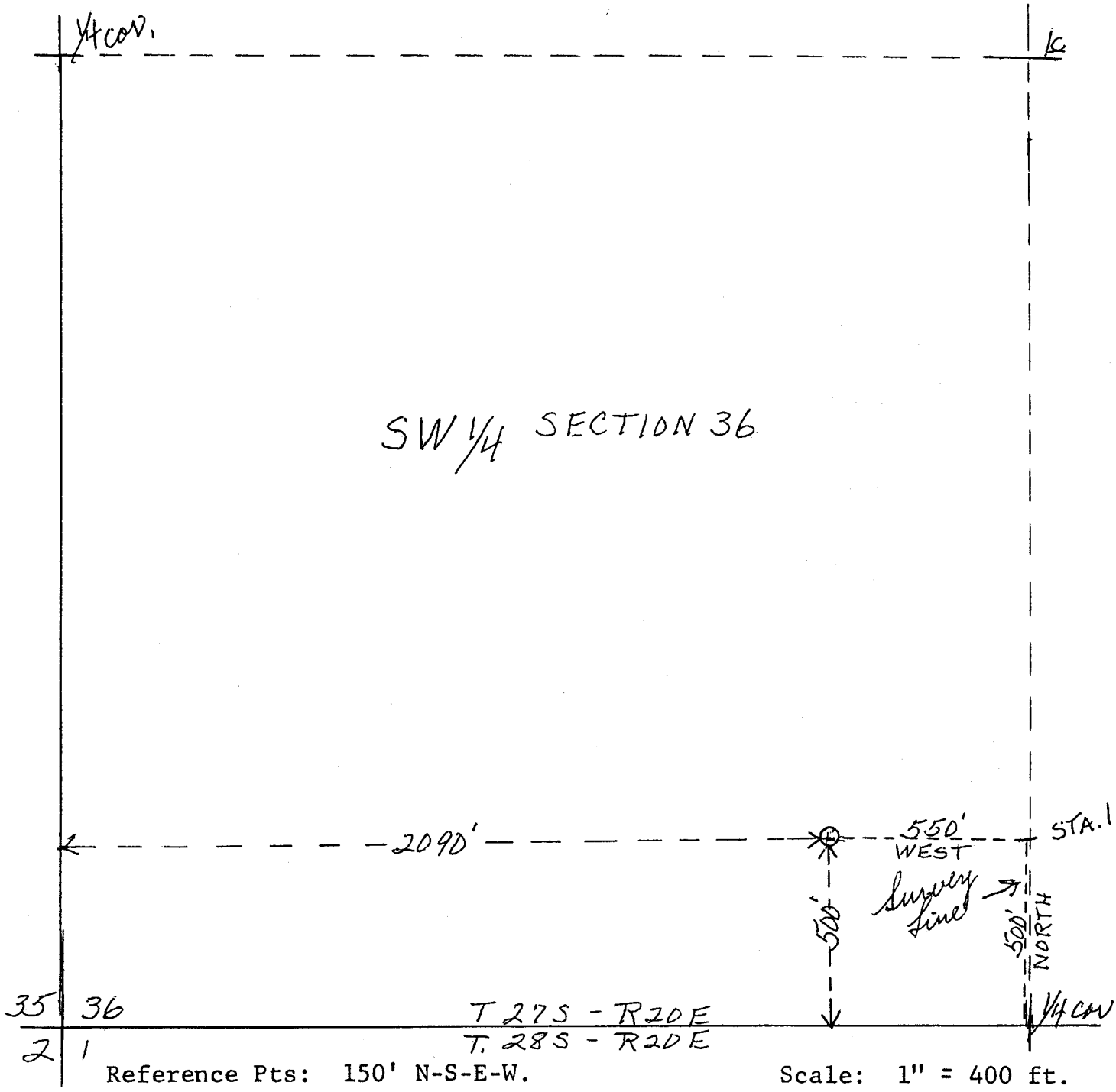
Permit No. 43-037-30596 Approval Date 9/5/80

APPROVED BY THE DIVISION OF OIL, GAS, AND MINING
DATE: 9/5/80
BY: C B Feight

Approved by Title Date
Conditions of approval, if any:

*See Instructions On Reverse Side

LOCATION PLAT FOR
MEGADON ENERGY CORPORATION
LION MESA #3-36 WELL
SE. SW. SECTION 36-27S-20E.
500' fr. S-line and 2090' fr. W-line
ELEVATION: 5862' GRD.



Reference Pts: 150' N-S-E-W.

Scale: 1" = 400 ft.
Date: Aug. 31, 1980

I, Sherman D. Gardner, do hereby certify that this plot was plotted from notes of a field survey made under my direct responsibility, supervision, and checking on May 20, 1980.

Sherman D. Gardner
Registered Land Surveyor
State of Utah #1556

PLAT #1

PROGNOSIS FOR
MEGADON ENERGY CORPORATION
LION MESA #3-36 WELL
SE. SW. SECTION 36-27S-20E.
SAN JUAN COUNTY, UTAH

LOCATION: SE. SW. Section 36, T 27S, R 20E, SLM, San Juan County, Utah (2090' from W-line and 500' from S-line)

ELEVATION: 5862' Grd; 5875' K.B.

SURFACE CASING: One joint of conductor pipe (13 5/8" or equivalent) will be set and cemented manually at the surface; then a 12¼" hole will be drilled to a depth of 1200' for the surface casing. 1200 ft. of 9 5/8", 36.00#, K-55 casing will be set and cemented with 300 sks. of reg. cement w/3% CaCl, with returns to the surface. Casing will be set with a Texas shoe and six (6) centralizers. A casing head, Series 900 with No. 10 flange, will be installed on top of the casing. The cement will be allowed 12 hours to set before nippling up.

EXPECTED FORMATION TOPS:

Formation	Depth to Top	Thickness	Datum
Navajo	Surface	370'	5875' K.B.
Kayenta	370'	30'	5505'
Wingate	400'	420'	5475'
Chinle	820'	365'	5055'
Shinarump	1185'	80'	4690'
Moenkopi	1265'	890'	4610'
Cutler	2155'	810'	3720'
Rico	2965'	395'	2910'
Hermosa (Upper)*	3360'	1450'	2515'
Paradox Salt*	4810'	3135'	1065'
Pinkerton Trail*	7945'	165'	-2070'
Molas	8110'	10'	-2235'
Mississippian*	8130'	—	-2245'
TOTAL DEPTH	8300'		

*Formations with possible hydrocarbons present

1. It is planned to set and cement one jt of 13 5/8" casing for a conductor and then to drill a 12¼" surface hole for the surface casing to a depth of about 1200'. (This depth will be sufficient to set the casing thru the Shinarump formation for the protection of possible uranium mines in the area.) Casing, 9 5/8", 36.00#, K-55, R-3, will be run and cemented with 300 sks of cement with returns to the surface. The surface hole will be drilled with air and air mist and a deviation of no more than 2° will be maintained. A casing head, Series 900, will be mounted on top of the casing and a blowout preventer with hydraulically operated blind and pipe rams, and a hydril, will be mounted on the casing head. Fill and kill lines will be connected thru a manifold to the casing head below the blind rams. As soon as the cement plug is drilled out of the surface casing, the B.O.P. and hydril and surface casing will be tested to 2000#.for leaks.

2. A 8 3/4" hole will then be drilled below the surface casing to a depth of about 6000', using air and/or air mist for circulation. At this point, the air system is to be changed over to a salt base mud to permit drilling the salt section below. All subsequent shows of hydrocarbons will be drill-stem-tested. Particular attention will be given to the Cane Creek zone near the base of the salt section. This zone can be productive and is very susceptible to formation damage by the drilling fluids and cement. No barite (barium sulfate) is to be used at any time, if it can possibly be avoided.

3. The hole will be kept straight by stabilization or thru drilling methods. Deviation surveys will be taken at 600' intervals. Maximum deviation will be kept below 6°, if possible, and the maximum drift between surveys will be 2°.

4. Samples of the cuttings will be taken at 30-ft. intervals, beginning at 800', and continuing to a depth of about 6000' or when conversion to mud drilling is begun, then 10' samples will be taken.

5. The well will be drilled to a depth which is at least 250 ft. below the top of the Mississippian formation or to good commercial production. In the event of good production before the Mississippian is reached, the drilling may be discontinued at this point and 5½" casing run to permit drilling deeper at a

later date. The mud program will be supervised by the company representative.

6. At total depth, the well will be logged electrically; and a Gamma-Induction log and a Gamma-Density-CNL log will be run.

7. If production is obtained in the Mississippian, casing, 5½", 23.00#, N-80, R-3 will be run from about 8300' to about 4000' and 5½", 17.00# casing will be run from 4000' to surface, and cemented with about 200 sks of RFC cement and 1000 sks of Pozmix (50-50) light cement w/5% salt, 5% gilsonite, and 6% salt. Sufficient cement to cover the salt section will be used.

8. A gamma-cement bond log will be run and the production zone perforated, 2 3/8" tubing run, and completed conventionally. It may be necessary to break down the formation with a weak acid treatment which would be swabbed out immediately after treatment.

9. The drilling of this well shoud take about one month and completion work should take about ten days.

W. Don Quigley

W. Don Quigley
MEGADON ENERGY CORPORATION
Suite 440, 57 W. So. Temple
Salt Lake City, Utah 84101

LOCATION PLANS FOR
MEGADON ENERGY CORPORATION
LION MESA STATE #3-36 WELL
SE. SW. SECTION 36-27S-20E.
SAN JUAN COUNTY, UTAH

1. A survey plat (Plat #1) is attached showing the location of the proposed well site. Map #1 shows the route from Hwy. 163 to the well site from the junction with the Anticline Overlook Rd.

2. Map #1 shows the access road to the well site from present roads. The road will be along the base of a small ledge and across sand dunes over fairly flat land. No deep cuts or removal or rock will be required.

3. All present wells and dry holes in the Hatch Pt. area are shown on Map #1.

4. See 1 and 2 above for other roads in the area.

5. A plan for the location of the production equipment at the well site, if the well is successful, is shown on Plat #2. Since this well is near to present production, it should be an oil well completed in the Mississippian formation or from the Cane Creek zone. A pump jack may or may not be needed. The flow lines, heater-treater, tank battery, and fluid pit will be installed as shown.

6. Water for drilling purposes will be obtained from the Hatch Wash at either one or the other of the two sites shown on Map #1, and will be hauled to the well location by truck. This is a distance of about 30 miles. Salt water from the Moab brine well can be used.

7. A plan for the placement of the drilling equipment to be used in the drilling of the proposed well is shown on Plat #3. This plat shows the reserve pit and waste or burn pit. Excess drilling mud and waste water will be deposited in the reserve pit during drilling operations. The waste and burnable material will be put in the burn pit. At the completion of the well, these pits will be folded-in and levelled.

8. See location of house trailers on Plat #3.

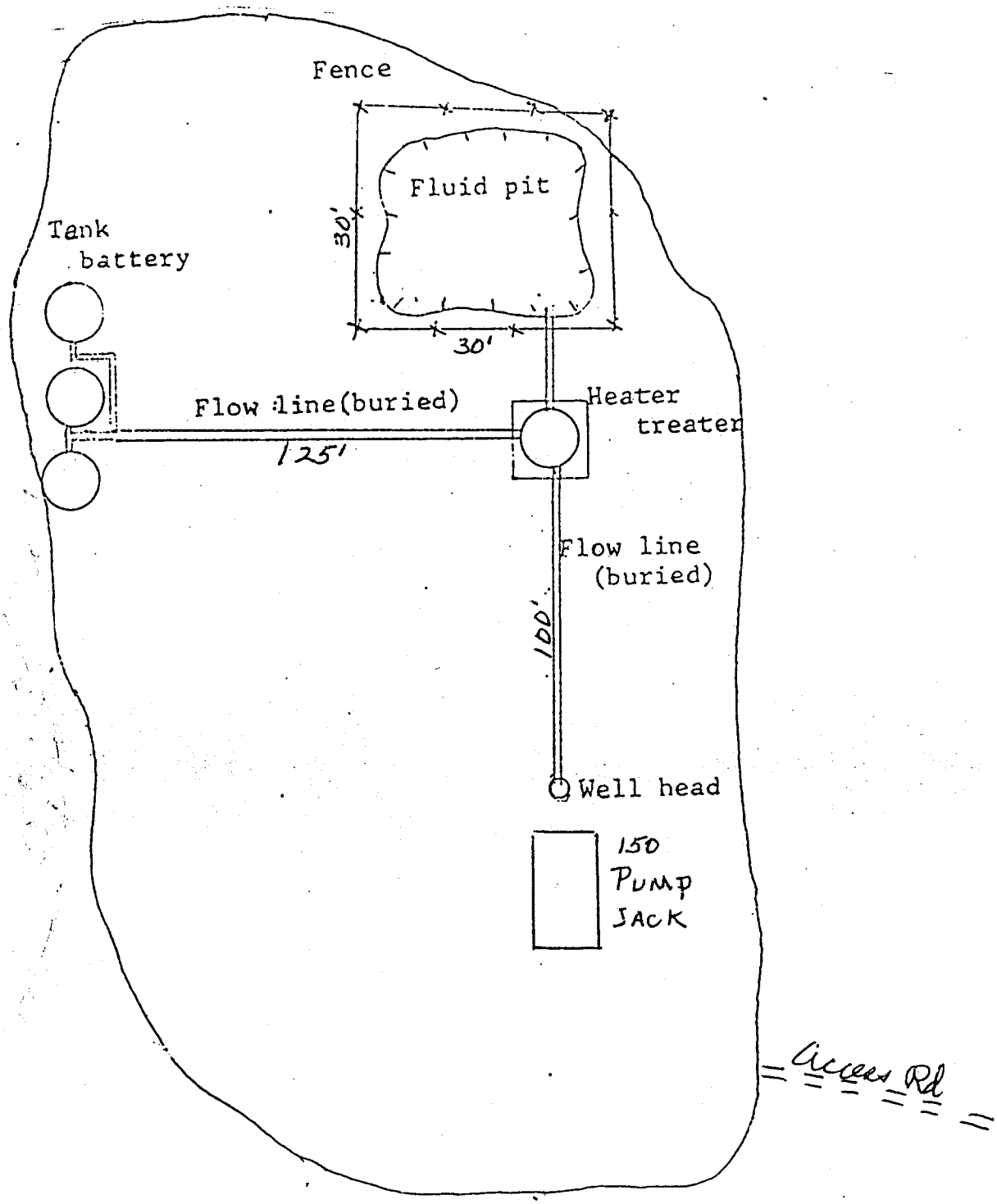
9. There is no airstrip in the vicinity of the well location and none is anticipated.

10. See Plat #3 for the drilling equipment layout.

11. There is little topsoil on top of the rocks at the proposed well site. Mostly sand is present and the vegetation is sparse. Some sage brush covers the surface sparsely. After the well is completed, the location will be cleaned and levelled; and the pits will be covered.

12. As can be seen from Map #1, the well site area is on a point and fairly level, but there are steep cliffs to the north, east, and west of the well site. Sediments belonging to the Navajo, Kayenta, Wingate, Chinle, Shinarump, and Moenkopi formations are exposed around the cliff edges and on the hill tops. The flat surfaces are mostly sand and sand dunes. This is in a developing oil field and there are numerous seis roads and trails criss-crossing the area.

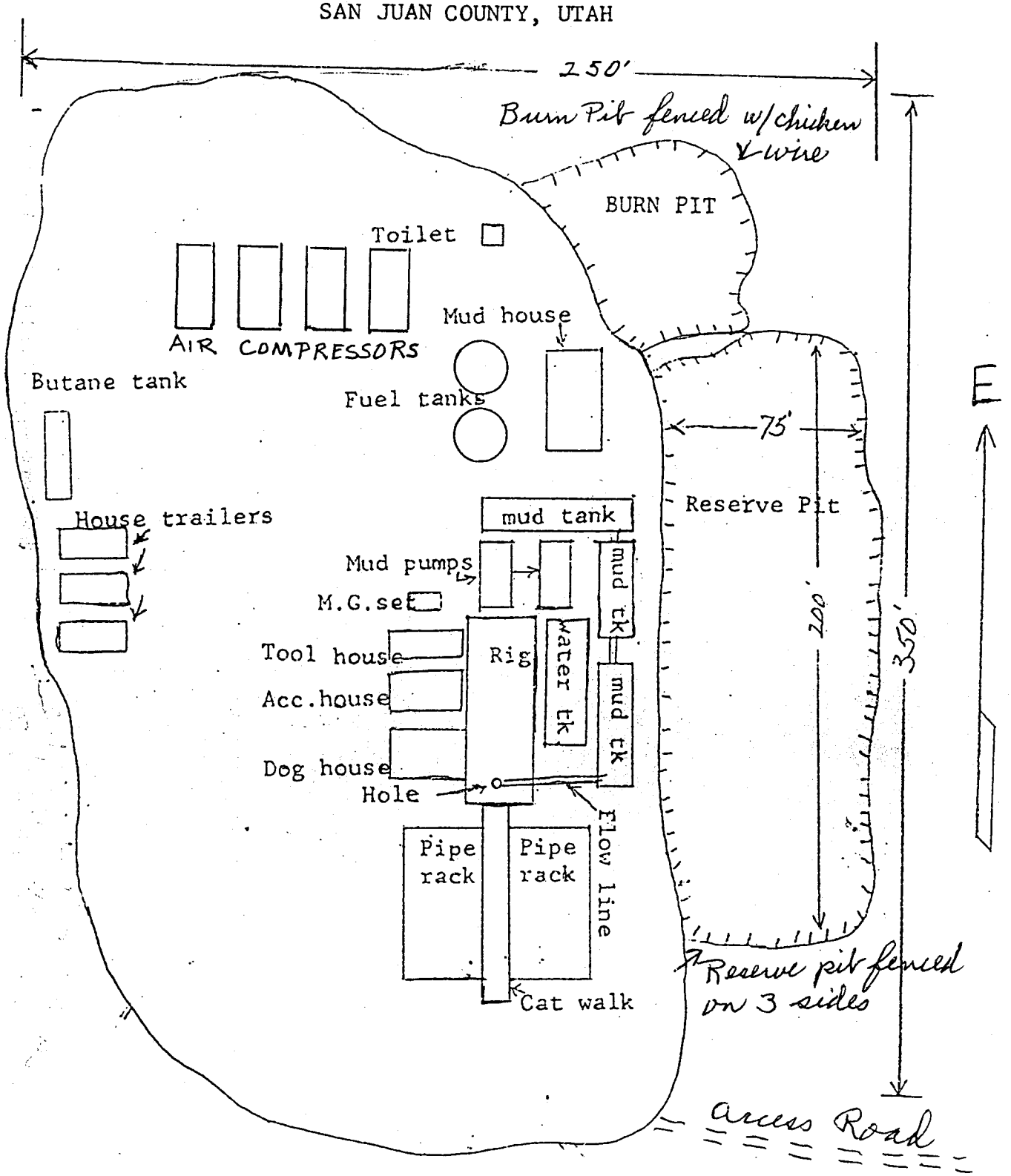
PLAN FOR PRODUCTION EQUIPMENT
MEGADON ENERGY CORP. STATE #3-36 WELL
SE. SW SEC. 36-27S-20E.
SAN JUAN COUNTY, UTAH



Approx. scale: 1 in. = 50 ft.

PLAT NO. 2

DRILLING EQUIPMENT LAYOUT
FOR
MEGADON ENERGY CORP.
STATE #3-36 WELL
SE. SW. SEC. 36-27S-20E.
SAN JUAN COUNTY, UTAH



Approx.scale:1 in.=50 ft

PLAT NO.3

WELL CONTROL EQUIPMENT FOR
MEGADON ENERGY CORP. STATE #3-36 WELL
SE. SW. SEC. 36-27S-20E.
SAN JUAN COUNTY, UTAH

The following control equipment is planned for the above designated well:

1. Surface Casing:
   A. Hole size for the surface casing is 12¼".
   B. Setting depth for surface casing is approx. 1200'.
   C. Casing specs. are: 9 5/8" O.D., J-55, 36.00#, 8-rd. thread, new or used.
   D. Anticipated pressure at setting depth is approx. 700 lbs.
   E. Casing will be run and cemented with 100 sks of cement and with returns to the surface.
   F. Top of casing will be at ground level.

2. Casing Head:
   Flange size: 10"; A.P.I. Pressure Rating: 3000#; Series 900; Cameron, O.C.T., or equivalent; new or used; equipped with two 2" ports with nipples and 2", 3000# W.P. valves. Casing head and valves will be set above ground.

3. Intermediate Casing:
   None

4. Blowout preventers:
   A. Double rams; hydraulic; one set of blind rams for 4" drill pipe; 10" flange; 3000# W.P.; Series 900; equipped with mechanical whe ls and rod for back-up; set on top of casing head and bolted down securely; pressure tested for leaks up to 2000#; Cameron, Shaffer, or equivalent. A hydril and rotating head will also be used.
   B. The fill and kill line are to be connected to the 2" valve in the casing head and are to be heavy duty line pipe or tubing. The kill line will be connected to the mud pump and the flow line will be directed into the reserve pit.

5. Auxilliary Equipment:
   A float valve (3000# W.P.) is to be used in the bottom drill collar at all times. A kelly valve (at least 3000# W.P.) will be installed in the stand pipe and a vlave with proper sub will be available for stabbing in the drill pipe or drill collars.

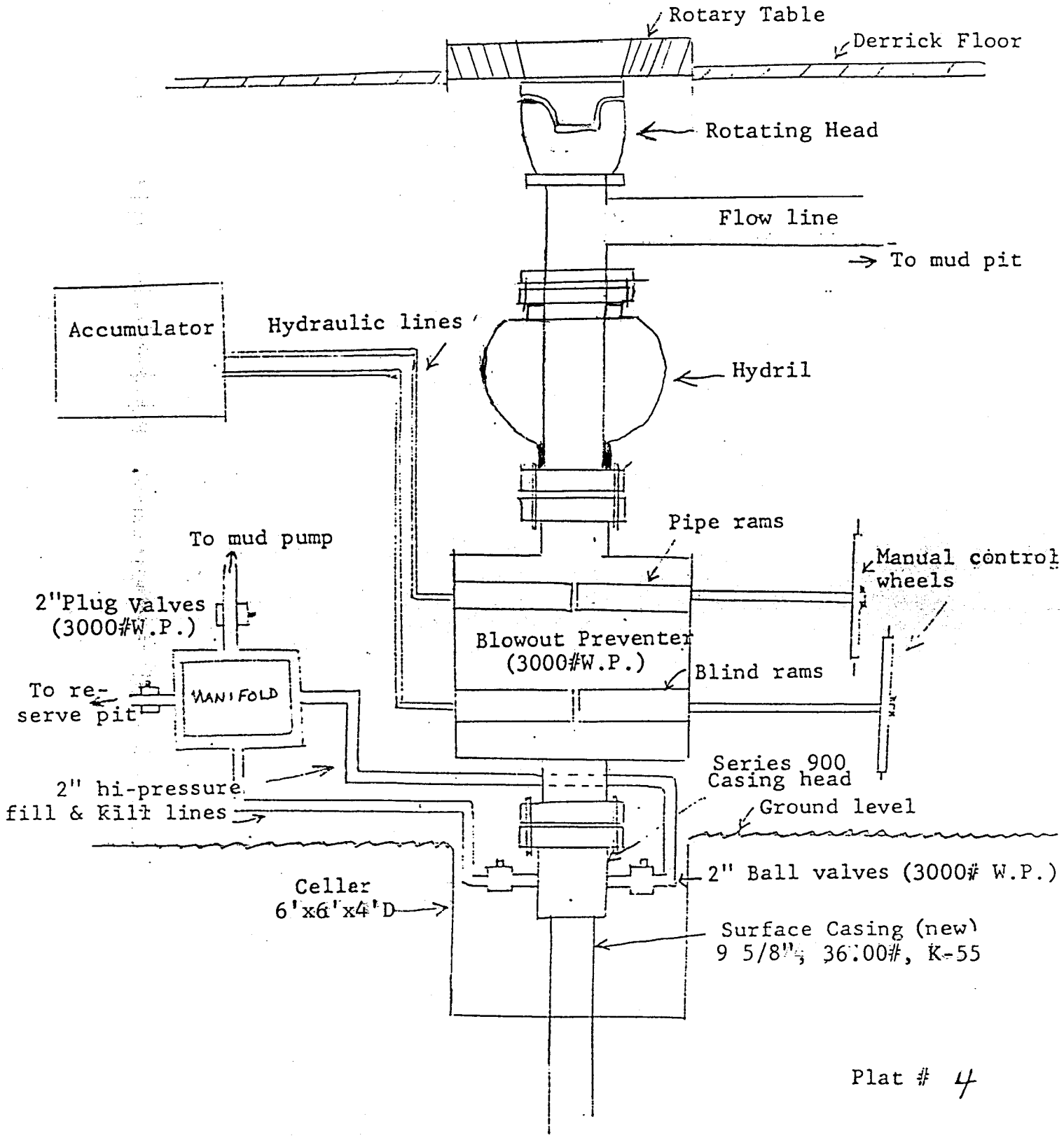
6. Anticipated Pressures:
   The shut-in pressure of the Mississippian formation at a depth of about 8300' has been recorded at about 4000#, in the Lion

Mesa Field. This will be the pressure that will be considered in the control program for the mud.

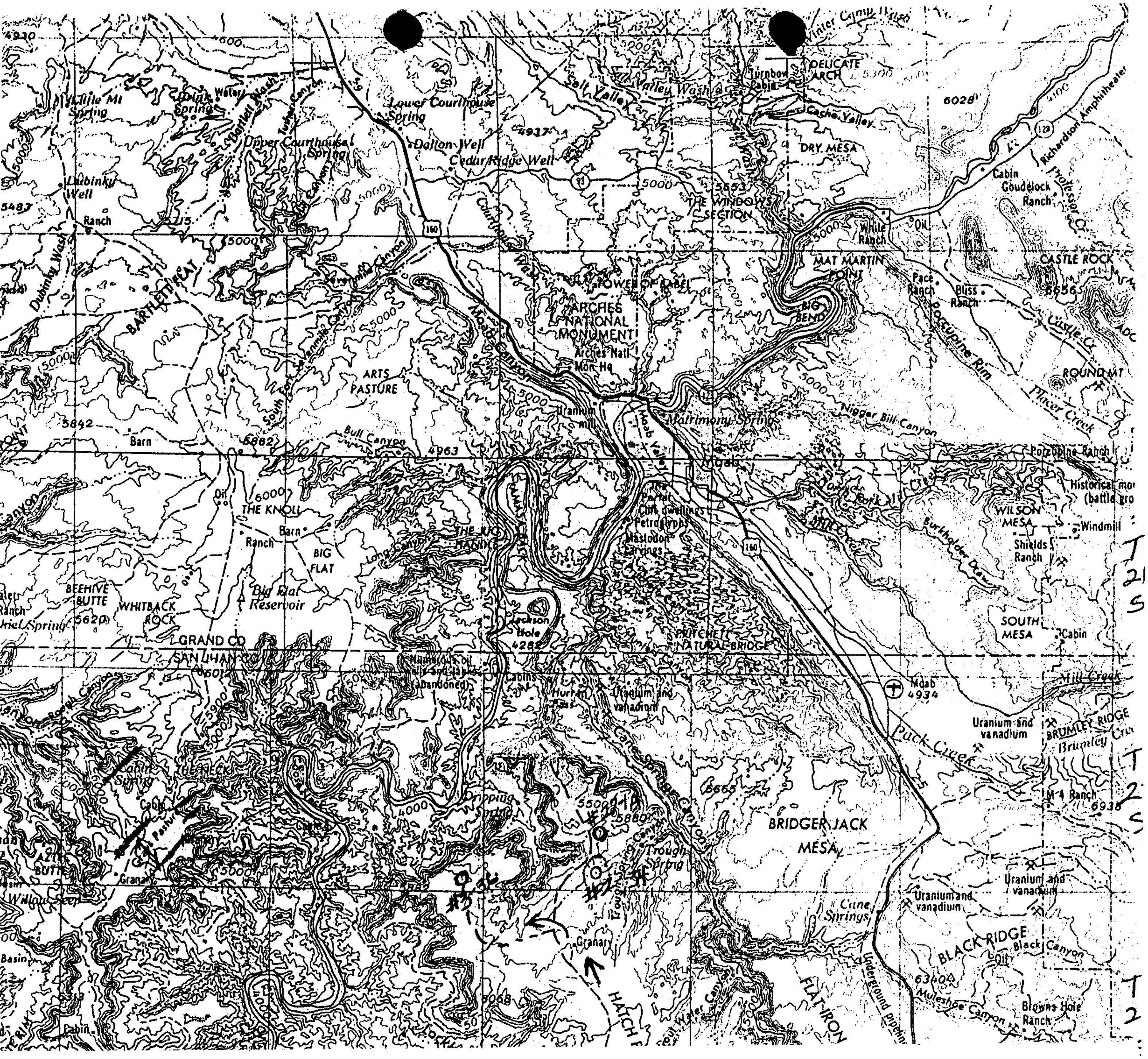
7. Drilling Fluids:
Normal mud or air will be used to drill the well down to the top of the salt section of the Paradox Formation, which is expected at a depth of about 4800'. At a depth of about 5000', the fresh water mud/or air-mist will be converted to salt base mud to prevent wash-outs in the salt section. This will also give a mud weight of over 10#/gal. which will provide for a hydrostatic pressure of about 4600# at 8000', which should be sufficient over balance to hold the pressure of the potential reservoir at this depth. No toxic gases are anticipated.

8. Production Casing:
   A. Hole size for production casing is 8 3/4".
   B. Approx. setting depth is 8300', which should be about 250' into the Mississippian formation.
   C. Casing specs are: 5½" O.D.; N-80 for lower 4000', 23.00#, J-55 for upper 5000', 15.50# or 17.00# which ever is available.
   D. Casing will be run and cemented with approx. 1000 sks in stages. The bottom of the casing, from 8750' to 8000', wi will be cemented first with about 200 sks; this will be allowed to set and then the rest of the cement will be used to cement the salt section. This will prevent undue hydrostatic pressures on the production zone. After the cement cures, the casing will be set on slips in the casing head. Tubing, 2" O.D., will be run; plugs will be drilled out; tubing will be set in tubing head which is securely bolted to the casing head; and then the well will be perforated under a water cushion at the proper intervals.

SCHEMATIC DIAGRAM O
CONTROL EQUIPMENT FOR THE
MEGADON ENERGY CORP.
STATE # 3-36 WELL
SE. S.W. SEC. 36-27S-20E.
SAN JUAN COUNTY, UTAH



Plat # 4


DELICATE ARCH
Turnbow Cabin
Salt Valley Wash
Cache Valley
DRY MESA
Lower Courthouse Spring
Upper Courthouse Spring
Dalton Well
Cedar Ridge Well
Dubinky Well
Ranch
THE WINDOWS SECTION
Richardson Amphitheater
Cabin
Goudelock Ranch
White Ranch
MAT MARTIN POINT
BIG BEND
Pace Ranch
Bliss Ranch
CASTLE ROCK
6656
Porcupine Rim
Castle Cr.
ROUND MT
Placer Creek
BARTLETT FLAT
TOWER OF BABEL
ARCHES NATIONAL MONUMENT
Arches Natl Mon Hq
ARTS PASTURE
Moab Canyon
Uranium mill
Matrimony Spring
Nigger Bill Canyon
Porcupine Ranch
Moab
Bull Canyon
4963
Barn
5842
6862
THE KNOLL
Oil
Ranch
BIG FLAT
Big Flat Reservoir
Long Canyon
The Portal
Cliff dwellings
Petroglyphs
Mastodon Carvings
WILSON MESA
Windmill
Shields Ranch
Historical mon (battle gro
BEEHIVE BUTTE
5620
WHITBACK ROCK
Jackson Hole
4285
PRITCHETT NATURAL BRIDGE
SOUTH MESA
Cabin
GRAND CO
SAN JUAN CO
Numerous oil wells and holes (abandoned)
Cabins
Hurrah Pass
Uranium and vanadium
Moab
4934
Mill Creek
Uranium and vanadium
BRUMLEY RIDGE
Brumley Cr
Pack Creek
Dripping Spring
5500
5880
M 4 Ranch
6938
BRIDGER JACK MESA
Trough Spring
Granary
Cane Springs
Uranium and vanadium
BLACK RIDGE
Black Canyon
Oil
6340
Muleshoe Canyon
Blowns Hole Ranch
Granary
HATCH
FLATIRON
Underground pipeline
Willow Seep
Basin
Cabin
6068
T 21 S

** FILE NOTATIONS **

DATE: September 2, 1980

OPERATOR: Megadon Energy Corporation

WELL NO: Lion Mesa Unit State #3-36

Location: Sec. 36 T. 27S R. 20E County: San Juan

File Prepared: ☑ Entered on N.I.D: ☑

Card Indexed: ☑ Completion Sheet: ☑

API Number 43-037-30596

CHECKED BY:

Petroleum Engineer: _____

Director: _____

Administrative Aide: _____

APPROVAL LETTER:

Bond Required: ☑ Survey Plat Required: ☐

Order No. _____ O.K. Rule C-3 ☐

Rule C-3(c), Topographic Exception - company owns or controls acreage within a 660' radius of proposed site

Unit approved additional upon bond

Lease Designation State - Unit Plotted on Map ☑

Approval Letter Written ☑ Ltr

Hot Line ☑ P.I. ☑

September 11, 1980

Megadon Energy Corporation
57 West South Temple, Suite 440
Salt Lake City, Utah 84101

Re: Well No. Lion Mesa Unit State #3-36
Sec. 36, T. 27S, R. 20E.,
San Juan County, Utah

Insofar as this office is concerned, approval to drill the above referred to oil well is hereby granted in accordance with Section 40-6-11, Utah Code Annotated 1953, and predicated on Rule A-3, General Rules and Regulations and Rules of Practice and Procedure. However, said approval is conditional upon the filing of a drilling and plugging bond with Utah Division of State Lands prior to the spudding of this well.

Should you determine that it will be necessary to plug and abandon this well, you are hereby requested to immediately notify the following:

MICHAEL T. MINDER - Petroleum Engineer
Office: 533-5771
Home: 876-3001

Enclosed please find Form OGC-8-X, which is to be completed whether or not water sands (acquifers) are encountered during drilling. Your cooperation in completing this form will be appreciated.

Further, it is requested that this Division be notified within 24 hours after drilling operations commence, and that the drilling contractor and rig number be identified.

The API number assigned to this well is 43-037-30596.✓

Sincerely,

DIVISION OF OIL, GAS AND MINING

Cleon B. Feight
Director

/btm
cc: USGS
Donald Prince

Form OGC-1b

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL [X] GAS WELL [ ] OTHER

2. NAME OF OPERATOR: MEGADON ENERGY CORPORATION

3. ADDRESS OF OPERATOR: STE. 440, 57 WEST SO. TEMPLE, SALT LAKE CITY, UTAH

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface: SE. SW. SECTION 36, T 27S, R 20E, SLM. 2090' fR. W-LINE AND 500' FR. S-LINE

5. LEASE DESIGNATION AND SERIAL NO.: ML-30952

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME: LION MESA

8. FARM OR LEASE NAME: STATE

9. WELL NO.: #3-36

10. FIELD AND POOL, OR WILDCAT: WILDCAT

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SE.SW. SEC. 36-27S-20E. SLM.

12. COUNTY OR PARISH: SAN JUAN

13. STATE: UTAH

14. PERMIT NO.:

15. ELEVATIONS (Show whether DF, RT, GR, etc.):

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
TEST WATER SHUT-OFF	[ ]	PULL OR ALTER CASING	[ ]	WATER SHUT-OFF	[ ]	REPAIRING WELL	[ ]
FRACTURE TREAT	[ ]	MULTIPLE COMPLETE	[ ]	FRACTURE TREATMENT	[ ]	ALTERING CASING	[ ]
SHOOT OR ACIDIZE	[ ]	ABANDON*	[ ]	SHOOTING OR ACIDIZING	[ ]	ABANDONMENT*	[ ]
REPAIR WELL	[ ]	CHANGE PLANS	[ ]	(Other) INFORMATION			[X]
(Other)	[ ]			(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)			

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

The subject well was spudded-in on November 22, 1980, using a small drilling rig and forty feet of 13 3/8" conductor pipe was set and cemented with 25 sks. of cement. The rat hole and mouse holes have been dug and the well is currently being drilled at a depth of 110 feet with a 12¼" bit. The large drilling rig, CRC Colorado Well Service Rig 88, is finishing a well located at Meeker, Colo. and should begin moving on Monday, Dec. 15, 1980. This rig will replace the small rig as soon as it arrives at the location.

RECEIVED
DEC 15 1980
DIVISION OF
OIL, GAS & MINING

J-M

18. I hereby certify that the foregoing is true and correct

SIGNED W. Don Quigley TITLE PRESIDENT DATE 12-11-80

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

Form OGC-1b

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

5. LEASE DESIGNATION AND SERIAL NO.: ML 30952

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL ☐ GAS WELL ☐ OTHER PLUG & ABANDONMENT

7. UNIT AGREEMENT NAME: LIONMESA UNIT

2. NAME OF OPERATOR: MEGADON ENERGY CORPORATION

8. FARM OR LEASE NAME: STATE

3. ADDRESS OF OPERATOR: 57 WEST SOUTH TEMPLE, SALT LAKE CITY, UTAH 84101

9. WELL NO.: ST #3-36

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface: SE.SW. SECTION 36-27S-21E.

10. FIELD AND POOL, OR WILDCAT: WILDCAT

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SESW. 36-27S-21E SLM

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.): 5862' GRD 5880' K.B.

12. COUNTY OR PARISH: SAN JUAN

13. STATE: UTAH

16. **Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data**

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
TEST WATER SHUT-OFF	☐	PULL OR ALTER CASING	☐	WATER SHUT-OFF	☐	REPAIRING WELL	☐
FRACTURE TREAT	☐	MULTIPLE COMPLETE	☐	FRACTURE TREATMENT	☐	ALTERING CASING	☐
SHOOT OR ACIDIZE	☐	ABANDON*	☐	SHOOTING OR ACIDIZING	☐	ABANDONMENT*	X
REPAIR WELL	☐	CHANGE PLANS	☐				
(Other)				(Other)			

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

THE ABOVE WELL WAS DRILLED TO 4685' WHEN NUMEROUS PROBLEMS WERE ENCOUNTERED. DUE TO LOSS CIRCULATION AND INTEREST OWNERS IT WAS DECIDED TO PLUG AND ABANDON THE ABOVE WELL. CEMENT PLUGS WERE PLACED IN THE HOLE AS FOLLOWS:

PLUG #1; 4685-4400' - 50 sks cement; on top of fish in hole
PLUG #2; 4200-4000' - 30 sks cement; across bottom of 7 5/8" csg left in hole
PLUG #3; 3900-3700' - 30 sks cement; across top of 7 5/8" csg left in hole
PLUG #4; 2900-2700' - 30 sks cement; across top of Hermosa formation
PLUG #5; 1100-900' - 30 sks cement; across bottom of surface csg

WELDED PLATE ACROSS TOP OF SURFACE CASING TO ELIMINATE THE OBSTACLE OF A MARKER WHILE THE SECOND WELL IS BEING DRILLED ON THE SAME SITE.

18. I hereby certify that the foregoing is true and correct

SIGNED Sherrill Bateman TITLE SECRETARY/TREASURER DATE 4/30/81

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

Form OGC-1b

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

IT IN TRIPLICATE*
(Other instructions on reverse side)

3

5. LEASE DESIGNATION AND SERIAL NO.: ML 30952

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

1. OIL WELL ☐ GAS WELL ☐ OTHER PLUG AND ABANDONMENT

7. UNIT AGREEMENT NAME: LION MESA UNIT

2. NAME OF OPERATOR: MEGADON ENERGY CORPORATION

8. FARM OR LEASE NAME: STATE

3. ADDRESS OF OPERATOR: 57 WEST SOUTH TEMPLE, SALT LAKE CITY, UTAH 84101

9. WELL NO.: ST. #3-36

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface: SE. SW. SECTION 36-27S-21E.

10. FIELD AND POOL, OR WILDCAT: WILDCAT

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SESW. SEC. 36-27S-21E SLM.

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.): 5862' GRD; 5880' K.B.

12. COUNTY OR PARISH

13. STATE

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
TEST WATER SHUT-OFF	☐	PULL OR ALTER CASING	☐	WATER SHUT-OFF	☐	REPAIRING WELL	☐
FRACTURE TREAT	☐	MULTIPLE COMPLETE	☐	FRACTURE TREATMENT	☐	ALTERING CASING	☐
SHOOT OR ACIDIZE	☐	ABANDON*	☐	SHOOTING OR ACIDIZING	☐	ABANDONMENT*	X
REPAIR WELL	☐	CHANGE PLANS	☐				
(Other)			☐	(Other)			☐

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

THE ABOVE WELL WAS DRILLED TO 4685' WHEN NUMEROUS PROBLEMS WERE ENCOUNTERED. DUE TO LOSS CIRCULATION AND INTEREST OWNERS, IT WAS DECIDED TO PLUG AND ABANDON THE ABOVE WELL. CEMENT PLUGS WERE PLACED IN THE HOLE AS FOLLOWS:

PLUG #1: 4685-4400' - 50 sks cement; on top of fish in hole (Fish at 4685-4830')
PLUG #2: 4200-4000' - 30 sks cement; across bottom of 7 5/8" csg left in hole
PLUG #3: 3900-3700' - 30 sks cement; across top of 7 5/8" csg left in hole
Plug #4: 2900-2700' - 30 sks cement; across top of Hermosa formation
PLUG #5: 1100-900' - 30 sks cement; across bottom of surface csg

WELDED PLATE ACROSS TOP OF SURFACE CASING TO ELIMINATE THE OBSTACLE OF A MARKER WHILE THE SECOND WELL IS BEING DRILLED ON THE SAME SITE.

18. I hereby certify that the foregoing is true and correct

SIGNED Sherrill L. Bateman TITLE SECRETARY/TREASURER DATE APRIL 30-81

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING
DATE: 7/21/81
BY: B Feight

*See Instructions on Reverse Side

MEGADON ENERGY CORPORATION
OIL & MINERAL WORK
SUITE 440
57 WEST SOUTH TEMPLE
SALT LAKE CITY, UTAH 84101

DRILLING HISTORY
LION MESA #3-36 WELL
SECTION 36-27S-20E.
SAN JUAN COUNTY, UTAH

Dec. 16-20: Moving CRC Colorado Well Service Rig 88 from Rangely, Colo. to location and rigging up.

Dec. 21: Finished rigging up. Began drilling ahead at 3 AM. Drilled 12¼" hole from 100' to 233' (133'). Rigged up power swivel and drilled rat hole and mouse hole deeper. Dropped crescent wrench in hole. Called for a magnet (Acme NL Grd. Jct.). Came out of hole to run magnet.

Dec. 22: Ran magnet on wire line a dozen times without success. Decided to drill ahead. Rig motors broke down. (Down for repairs 12 hours.)

Dec. 23: Drilled 233' to 430' (197'). Lost circulation at 355' and had to mix gel and L.C.M. Regained circulation. Drilling real slow (6-10'/hr.). No pump pressure.

Dec. 24: Drilled 430' to 555' (125'). Drilling real slow due to poor circulation. Came out of hole at 6:30 P.M. to shut down for Christmas. Bit #1 (Reed DTJ) made 455 ft. (100' to 555') in 24 hrs. Drilled at avg. rate of 19 ft/hr.

Dec. 26: Drilled 0'. Resumed operations at 0800 hrs. Worked on pumps and changed wash pipe and packing in Kelly Swivel. Went in hole with Bit #2 and began reaming to bottom. Had tight hole at 386'. (Down for repairs 11 hrs.)

Dec. 27: Drilled 555' to 825' (270'). Continued reaming to bottom. No. 1 pump still not working right. Changed pumps. Began drilling ahead at 3 AM. Drilling at rate of 15 ft/hr. in Chinle shale and sandstone.

Dec. 28: Drilled 825' to 1005' (180'). Top of Shinarump at 900' and top of Moenkopi at 930'. Drilled 1005' for good seal. Circulated hole for 30' and came out of hole to run casing. Ran 24 jts of 9 5/8", 36.00#, K-55, R-3 casing (980') and landed at 996' K.B. Cemented with 350 sks reg. cement w/10% gilsonite and 2% CaCl. Plug down at 2:30 AM on Dec. 29. Bit #2 (Reed Y13J) made 450 ft. (555' to 1005') in 37 hrs. Drilled at avg. rate of 12 ft/hr. Survey at 960' was 1¼°.

Dec. 29: Waiting on cement to cure until 10:30 AM. Backed off land-

ing joint and welded on casing head to 9 5/8" casing, Nippled up to drill ahead with air. Built blewie line.

Dec. 30: Drilled 1005' to 1747' (742'). Pressure tested B.O.P., choke lines, fill and kill lines to 2000#. No leaks. Laid down 8" collars. Went in hole with 8 3/4" bit (Bit #3). Tagged cement at 984'. Dried-up hole, drilled out cement, and began drilling ahead at 7:30 AM. Drilling at rate of 50 ft/hr and dusting good. Survey at 1150' was 3/4°; at 1461' was 1½°.

Dec. 31: Drilled 1747' to 2338' (591'). Made rd. trip at 2097' for new bit. Bit #3 (Reed-Y12J) made 1092' in 23½ hrs. Drilled at avg. rate of 48'/hr. Survey at 2050' was 2 3/4°. Had to convert to air-mist for circulation at 2100'. Had small amount of water.

Jan. 1: Drilled 2338' to 2842' (504'). Drilling with 10,000# weight to keep hole straight. Drilling at avg. rate of 30 ft/hr. Survey at 2305' was 2½°. Survey at 2617' was 2°. Est. top of Rico at 2540' and top of Hermosa at 2840'.

Jan. 2: Drilled 2842' to 3120' (278'). Drilling slow - sometimes at rate of 4 ft/hr. in dolomite and cherty limestone. Survey at 2896' was 2°. Only 2 air compressors on hole; 200# air pressure.

Jan. 3: Drilled 3120' to 3474' (354'). Drilling in dolomite, l limestone, and hard micaceous, quartzitic sand. Survey at 3146' was 2°.

Jan. 4: Drilled 3474' to 3835' (361'). Drilling at rate of about 18-20 ft/hr. Survey at 3456' was 1½°; at 3760' was 1°. Slight shows of fluorescence in samples. Total estimated cost to date is $245,910.

1/7/81

Jan. 5: Drilled 3835-4053' (218'). Shut down for 3 hrs. to work on draw works motor. Dropped survey tool; so had to make a rd-trip at 4053' to retrieve tool. Drilling in dolomite and limestone at avg. rate of 18 to 20 ft/hr.

Jan. 6: Drilled 4053' to 4443' (390'). Est. top of salt at 4255'. Survey at 4322' was 2°. Had slight fluorescence, stain, and odor in cuttings in Ismay and Desert Creek zones.

Jan. 7: Drilled 4443' to 4797' (354'). Decided to convert to salt-mud at 4797'. Released air compressors at noon. Pulled 5 stds., mixed mud, changed out blewie line and began filling hole with mud, (38 vis. w/20% LCM). Pumped in 600 bbl without returns. Mixed 400 more barrels (48vis w/40% LCM) and pumped in without returns. Began mixing fresh water mud to gel returns first.

Jan. 8: Mixed 300 barrel of fresh water mud (70 vis w/50% LCM) and pumped in 400 bbl without returns. Mixed more mud w/LCM. Used fresh water from reserve pit. Had to wait 8 hrs. on mud and water.

Jan. 9: Top of mud in hole 1300' to 2000' below surface. Mixed mud and LCM (70 vis. and 50% LCM with gilsonite (50 sks) and pumped in 300 bbl. without returns. Decided to try aireated mud. Pulled out of hole to change bits and put on jars (drilling). Went back in hole with Bit #5. Bit #4 (Security S86F) made 2700' (2097' to 4797') in 138 hrs. Drilled at avg. rate of 19½ ft/hr. Drilled with aireated mud from 4797' to 4830' and never got returns, so decided to convert back to air mist drilling. Pulled 51 stds and began unloading hole, by running in 10 stds at a time.

Jan. 10: Unloaded hole down to last 9 stds and jars went off with pipe setting in slips - so dropped drill string in hole. Top down at 600', inside 9 5/8" casing. Ran 9 stds in and recovered fish. Tried to break circulation with air (1000#) without success. Pulled 20 stds and still couldn't break circulation so came out of hole. Found 52 stds of drill pipe bent and corkscrewed and left bottom (down jars) jars in hole with 2 drill collars, cross over sub, bit sub and bit in hole. Began laying down bent drill pipe. Called for fishing tools.

Jan. 11: Finished laying down bent drill pipe. Magne-fluxed collars and found one cracked pin. Picked up overshot, bumper sub and jars and started in hole. Picked up drill pipe joints to replace the bent joints which were laid down. Encountered bridge at about 4250' so had to come out of hole to pick up bit to wash and circulate hole down to top of fish. Circulated hole with air-mist and washed down to 4500'.

Jan. 12: Finished cleaning out hole down to top of fish at 4685'. Came out of hole and picked up overshot, bumper sub and jars. Tried to get over top of fish without success. Came out of hole to check overshot. Found that overshot was not going down completely over fish, so replaced overshot skirt with a mill-skirt (clusterite) and went back in hole and began milling on top of fish.

Jan. 13: Finished milling on fish and tried to catch fish with overshot without success. Overshot would slip off with a 20,000# pull. Came out of hole to check overshot. Found that overshot was engaging over fish properly, but slips (6¼") were too large; so replaced with 6" slips and went back in hole. Driller hit light bridge at 500' above fish and jars went off jumping the drill-string off slips at surface and dropping string into hole. Screwed into top of drill string (inside surface casing) and jarred and pulled string loose. Came out of hole and found that the body of the overshot was broken off and smashed down 30 feet along side of first fish. Decided that retrieving the pieces of the overshot would be too costly and too risky; so elected to set intermediate casing about 370 ft. above fish and whipstock new hole around fish. Went back in hole with bit to condition hole for casing. Circulated with air down to fish.

Jan. 14: Filled hole with mud up to loss-circulation zone and came out of hole. Laid down 6-inch collars and went back in hole (open ended) with drill pipe to top of fish and placed cement plug (75 sks cement) from top of fish (4685') to 4435'. Came out of hole with drill pipe. Ran 92 jts of 7 5/8", 29.70# & 26.40#, K-55, R-3 casing (4101') and landed at 4100' K.B. Cemented casing with 100 sks Thixatropic cement. Plug down at 11:30 P.M. Could get last 5 jts (195') to go due to a tight spot in hole; so had to land casing at 4100' instead of 4300' as planned.

Jan. 15: Waited 12 hrs. on cement to set; then set casing slips in hole and cut off casing. Nippled up BOP and hydril. Took off rotating head. Went in hole with 4" drill pipe and came out laying down. Culled out bent joints. Installed flow line to tanks.

Jan. 16: Picked up 2 - 4½" drill collars and a 6 3/4" bit and started in hole. Picked up 129 jts. of 3½" drill pipe, 4063' total, and tagged cement with kelly at 4083'. Began drilling out cement rubber plug, and float collar and shoe at 2 P.M. Had about 15 feet of open hole below casing and began drilling cement again. (Should have had 200' of open hole.) Lost circulation. Obviously the cement fell in the open hole instead of going up around the pipe; so must recement casing. Came out of hole with drill string and waited on cementers.

Jan. 17: Cementers arrived at 1:30 P.M. Pumped in 100 sks of thixatropic cement thru piece of drill pipe and displaced with 180 bbl. of mud. Let cement cure for 12 hrs. and went in hole with bit. Tagged cement at 2156' and drilled out cement down to 2740'. Found open hole below and lost circulation below. (Cement stayed in the casing for some unknown reason.) Decided to cement again thru a cement retainer to keep cement coming up hole. Waited on retainer to arrive and cementers.

Jan. 18: Cementers arrived at 2:30 A.M. Went in hole with retainer on drill pipe. Set retainer at 3900' and cemented casing for the third time w/100 sks of thixatropic cement. Displaced with 34 bbl. of mud. Finished at 7:15 A.M. Pulled up out of retainer closing valves. Came out of hole with drill pipe. Waited 8 hrs. for cement to cure. Went in hole with bit, junk sub, ten collars, and drill pipe to drill out retainer. Began drilling up retainer at 2345 hrs.
Cost to date $504,625.00. Present depth still at 4830'.
Bottom of intermediate casing at 4100' K.B.

Jan. 19: Drilled out retainer and cement down to 4055' and bit began locking up so had to make a rd-trip for new bit. Bit #6 (Smith V2J) drilled 520 feet of cement plus cement retainer in 23 hrs. Went back in hole with Bit #7 (Smith DGJ). Drilled 45' more cement in casing and 20 ft. below casing, and lost circulation. Rig was down for 6½ hrs. for repairs to motors and pumps.

Jan. 20: Mixed mud and LCM and pumped in 100 bbl and regained circulation. Started drilling ahead and plugged bit with rubber and LCM, so had to make rd-trip to unplug bit. Had to tear down pumps and remove rubber from valves. Began drilling out cement and drilled to 4228' and lost circulation. Pumped in 75 bbl mud w/25% LCM and obtained no returns.

Jan. 21: Mixed more mud and LCM. Pumped in 200 bbl mud w/35% LCM, 577 Visc., and 9.8 Wt. Had no returns. Decided to drill ahead with no returns. Drilled down to top of fish at 4715' and encountered very little cement (just occassional thin layers). Apparently the cement plug on top of fish (4685' to 4450') never set-up. Encountered top of cement plug at 4480'. Came out of hole with bit. Removed bit and collars and went in hole with drill pipe in preparation of replacing cement plug on top of fish.

Jan. 22: Waited 3 hrs. for Halliburton and water trucks. Set 100 sk cement plug (reg. cement w/18% salt and 3% CaCl) on top of fish and displaced with 31 bbl of water and mud. Finished at 4 AM and tried to pull up out of plug, but were stuck tight. Put kelly on and circulated out cement w/250 bbl water and mud. Tried to work pipe loose for 1½ hrs without success. Spotted 20 bbl diesel in stuck area and worked pipe some more without success. Called for 750 gal of 20% HcL acid. Waited 14½ hrs on Halliburton for acid (truck broke down on location and had to wait for mechanic to come from Farmington to fix truck). Pumped in acid and spotted in area 4100' to 4700'. Let set for ½ hrs and then began working pipe. Pipe started to come loose in 1½ hrs.

Jan. 23: Kept working pipe and finally got loose in 3½ hrs, at 2 AM. Came out of hole to check pipe for cement balls. Found that last two tool joints had some cement on them. Called National Cementers for cement and cement trucks. Went in hole and flushed out acid water. Cementers arrived at noon. Placed 100 sks cement plug (RFC cement and 4% CaCl, 4% salt, and 10% sand) at 4700' to 4400'. Plug down at 2:15 P.M. Waited 8 hrs. on cement to set and went in and tagged cement top at 4350'. Placed 2nd cement plug at 4350' to 4000'. Plug down at 11:15 P.M. Waited on cement.

Jan. 24: Waited 24 hrs. on cement to set. Installed rotating head and blewie line. Called DIG Whipstock in Midland for whipstock

tools and engineer. Ordered compressors and booster back to well in preparation to drilling ahead with air and whipstocking.

Jan. 25: Waited till noon on cement to cure. Went in hole with bit #7, 4 drill collars, and drill pipe. Tagged cement at 4011'. Compressors and rotating head on location but must wait till Monday morning for booster due to overload permit. Drilled out cement to 4240' with mud and water. Then had open hole to 4390' where good hard cement was encountered. Drilled out to 4393' and decided to whipstock at this point. Came out of hole to ten stands and began blowing hole dry with compressors only.

Jan. 26: Unloaded hole with compressor (2 stds at a time) while waiting on the booster. Booster arrived at 1430 hrs. Installed booster and unloaded hole down to 4393'. Made rd-trip to pick up core head and knuckle joint. Large core head was too large so had to run small 4½" core head. Had to wait on tools (2 7/8" drill pipe) since DIG didn't have the right tools.

Jan. 27: Went in hole with knuckle sub and small core head on drill pipe. At 4 stds off bottom it plugged with LCM so had to make rd-trip to unplug bit. Went in again with small core head and it plugged again with LCM so had to pull it. Went back in with a 6 3/4" regular bit and knuckle sub. Drilled ahead with 8 to 12,000# weight at 15 RPM and kicked hole off at 4°. Drilled from 4393' to 4437'. Survey at 4410' was 4°.

Jan. 28: Came out of hole with bit and knuckle sub and went back in with hole opener and reamer. Reamed out new hole. Survey at 4410' was 2 3/4°. Drilled ahead trying to side track hole with lots of weight on limber string and slow RPM. Survey at 4426' was 1¼°, at 4438' was 1°, at 4468' was 1¼°.

Jan. 29: Drilling ahead trying to side track hole. Fell into open hole at 4571' to 4620'. Drilled cement from 4620' to 4655'. Drilling rate slowed to 2 min/ft. at 4655' to 4690' and it appeared hole had been side tracked, but fell into open hole at 4690' to 4712'. Drilled cement to 4759' and bit began jumping and torquing up. Decided that bit and reamer were along side old fish and near the bit on the fish. Came out

of hole. Decided to try to pull 7 5/8" casing and side track hole above lost-circulation zone at 4120' to 4228'. Rigged down cellar, took off rotating head picked up BOP and welded on ½ jt. of casing to casing in hole. Waited on wireline truck for 4 hrs. Ran free point and found casing free down to 3820'. Cut off casing at 3822'.

Jan. 30: Pulled 3822' of casing out of hole (8 jts.). Called interest owners about further plans for hole. Prepared AFE for additional costs for the completion of the drilling operations to casing point. Estimated costs to be $450,000 which included 15% for contingencies. Trans-Continental decided they could not arrange their financing to include the additional costs, so had to arrange to plug and abandon hole. (Will have to move rig back on to location to drill another hole at a later date.) Called National Cementers for cement and cement trucks to plug hole. Filled hole with mud up to 1100 feet. (Lost circulation zone will not permit complete circulation. Laid down drill collars and extra drill pipe. Went in hole with drill pipe to 4685'.

Jan. 31: Placed cement plugs in hole as follows:

Plug #1: 4685'-4400': 50 sks cement; on top of fish in hole.
Plug #2: 4200-4000': 30 sks cement; across bottom of 7 5/8" casing left in hole.
Plug #3: 3900-3700': 30 sks cement; across top of 7 5/8" casing left in hole.
Plug #4: 2900-2700': 30 sks cement; across top of Hermosa formation.
Plug #5: 1100-900': 30 sks cement; across bottom of surface casing.

Welded plate across top of surface casing to eliminate the obstacle of a marker while the second well is being drilled on the same site. Began rigging down.

Total estimated cost: $681,850.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116
(801) 533-5771

June 3, 1981

Megadon Energy Corporation
Suite# 440, 57 West So. Temple
Salt Lake City, Utah 84101

Re: Well No. Federal #1-26
Sec. 26,T.24S. R.17E.
Grand County, Utah
(Janruary 1981- May 1981)

Re: Well No. Lion Mesa #3-36
Sec. 36, T.27S. R.20E.
San Juan County, Utah
(Janurary 1981-May1981)

Re: Well No. Federal #4-26
Sec. 26, T.27S. R.21E.
San Juan County, Utah
(March 1981-May 1981)

Gentlemen:

Our records indicate that you have not filed the Monthly drilling reports for the months indicated above on the subject wells.

Rule C-22, General Rules and Regulations and Rules of Practice and Procedure, requires that said reports be filed on or before the sixteenth (16) day of the succeeding month. This report may be filed on Form OGC-1B, (U.S. Geological Survey Form 9-331,) "Sundry Notices and Reports on Wells", or on company forms containing substantially the same information. We are enclosing forms for you convenience.

Your prompt attention to the above will be greatly appreciated.

Very truly yours,

DIVISION OF OIL, GAS, AND MINING

Sandy Bates

SANDY BATES
CLERK-TYPIST